



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

AmeriServ Financial Inc.

Person to be contacted regarding this report:	Jeffrey Stopko, Executive Vice President & CFO
CPP Funds Received:	\$21,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/19/2008
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	1117316
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	7542
City:	Johnstown
State:	Pennsylvania

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	CPP Funds provided us with capital support to grow our loan portfolio and increase lending during a difficult economic period. Specifically on a net basis, our total loan portfolio grew by \$15.8 million or 2.2% from \$707.1 million at December 31, 2008 to \$722.9 million at December 31, 2009.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	During 2009 we originated \$230 million of new loans which included: \$115 million of commercial real estate and commercial loans, \$93 million of residential mortgage loans, and \$22 million of consumer loans. Our residential mortgage lending was at it highest level in 5 years.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	We elected to hold \$15 million of the total \$21 million of CPP Funds at our Parent Company to maintain liquidity and capital flexibility. We invested almost the entire \$15 million into Fannie Mae and Ginnie Mae mortgage backed securities to support the secondary market for mortgage loans.
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The CPP Funds provided us with capital support to strengthen our allowance for loan losses in 2009. Specifically, our allowance for loan losses increased by \$10.8 million from \$8.9 million at 12/31/08 to \$19.7 million at 12/31/09. Our allowance provided 115% coverage of non-performing loans.

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	<p>CPP Funds provided us with good capital to work through the challenges of a weak economy. As a result, despite incurring a \$4.9 million loss in 2009, we ended the year with regulatory capital ratios significantly in excess of the well capitalized requirement. Our Tier 1 leverage ratio was 11.06%.</p>

What actions were you able to avoid because of the capital infusion of CPP funds?

The CPP funds provided us with a capital cushion such that we did not have to consider any type of external common equity offering that would have been dilutive to our shareholders during a period when our stock price was low. Additionally, as a result of this capital cushion, we did not have to cut back on lending to quality borrowers in the communities we serve in an effort to preserve our capital ratios.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Of the \$21 million of CPP funds that we received, we downstreamed \$6 million to our subsidiary bank to provide capital support. This capital support allowed our subsidiary bank to meet the credit needs of creditworthy borrowers in the communities it serves during a period of weak and stressed market conditions. This capital support also helped us strengthen the allowance for loan losses in response to higher levels of non-performing assets and classified loans due to the poor economic climate in 2009.

Overall, the CPP Funds acted somewhat as a capital insurance policy for AmeriServ Financial in 2009. We originally took the CPP funds as a healthy financial institution that was committed to continue lending to meet the credit needs of small businesses and consumers in the Western Pennsylvania communities in which we operate. We also took the funds to provide us with additional capital support should the recession last longer than expected. We have used the funds as we expected.

In concluding, I would highlight that the CPP Funds have provided us with a strong capital cushion thus giving us greater operating flexibility and liquidity during a challenging economic period. This capital strength can best be seen by comparing our year-end 2009 regulatory capital ratios to those at September 30, 2008 (the last quarter-end prior to the receipt of the CPP Funds in December 2008).

	12/31/09	9/30/08
Total Capital to Risk Weighted Assets	15.33 %	13.65 %
Tier 1 Capital to Risk Weighted Assets	14.06 %	12.40 %
Tier 1 Leverage Ratio	11.06 %	10.37 %

Each of these ratios is well in excess of the well capitalized requirement and allow us to have a strong conservatively positioned balance sheet.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.